

**STATE OF RHODE ISLAND**  
**REQUEST FOR QUALIFICATIONS FOR**  
**UNDERWRITING SERVICES**

The State of Rhode Island (the "State") is soliciting Statements of Qualifications from Underwriting Firms to create a qualified pool of Underwriters for negotiated transactions as needed. The State contemplates an initial period of two years, which may be renewed for up to two additional years at the State's option. Please note that as market conditions permit, the State desires to issue as much of its debt as possible on a competitive basis, but will negotiate issues when the State deems it to be in its best interest. Firms selected as part of this process will be grouped into a qualified pool of Senior Managers and Co-Managers to underwrite bonds, certificates of participation, and State-issued notes.

Firms are invited to respond in the format detailed below.

Responses are due on April 16, 2009 at noon at the Office of the General Treasurer, 82 Smith Street, Room 102, State House, Providence, Rhode Island 02903; Attention: General Treasurer Frank T. Caprio (401-222-2397). Subject – The State's Request for Underwriter Statement of Qualifications. Please provide seven copies of your Statement of Qualifications in a sealed box or envelope. Facsimile copies will not be accepted. Late proposals will be returned unopened.

Please send two copies of your Statement of Qualifications to the State's Financial Advisor, First Southwest Company, 12 Breakneck Hill Road, Suite 200, Lincoln, RI 02865; Attention: Maureen E. Gurghigian, Managing Director (401-334-4267).

Please include a letter from your Chief Executive Officer or Division Managing Director certifying that (i) from the date of this RFQ through the date of your submission no member of your firm made inquiries with respect to this Request for Qualifications ("RFQ") other than in a written communication to the Financial Advisor, and (ii) that all information in your submission is true and correct to the best of his/her knowledge.

All materials submitted in response to this request become the property of the State of Rhode Island and will not be returned. Please be advised that all proposals will be subject to public inspection. The selected respondents must agree to abide by all applicable Rhode Island minority hiring laws, Equal Opportunity Employment Rules and Regulations, Executive Orders, and any and all other applicable Rhode Island employment laws, rules or regulations.

Please direct questions regarding the RFQ in writing to Maureen Gurghigian, Managing Director, First Southwest Company (Financial Advisor to the State) via fax: 401-333-3807 or via email: mgurghigian@firstsw.com. Contact with any other State officials regarding the RFQ is grounds for disqualification.

If interviews are deemed to be necessary, firms selected for interviews will be notified during the week of April 20, 2009 by the State's Financial Advisor.

## ***I. DESCRIPTION***

The State intends to retain a pre-qualified pool of underwriters for the issuance of advance refunding bonds, certificates of participation and other transactions that would benefit from a negotiated sale. There is no assurance that the State will issue debt on a negotiated basis during the period.

The State intends to qualify Senior Managers and Co-Managers to work with the State for the next two years with an option to extend the initial period at the discretion of the State. The State also reserves the right to appoint Co-Managers from the pre-qualified pool for each transaction.

## ***II. SCOPE OF SERVICE***

The scope of services to be provided to the State by the successful proposers for Senior Manager will include, but not be limited to, the following:

1. Develop and present alternatives for potential financing programs.
2. Work with the State and Financial Advisor to prepare Rating Agency presentations and credit enhancement presentations, if applicable.
3. Work with the State to market its bonds and certificates of participation at the lowest possible interest cost.
4. Maintain and support a secondary market for the State's bonds and certificates of participation.
5. Assist in the consideration of credit enhancement, if applicable, the selection of a credit facility, and the range of costs that the State should be prepared to pay for any credit facility.

### **III. STATEMENT OF QUALIFICATIONS REQUIREMENTS**

Please address the following items in responding to this RFQ. Responses must be limited to 20 pages, not including the cover letter and appendices.

#### **Firm Qualifications and Experience (Questions 1-9)**

1. Provide a brief description of your firm and its capabilities. Your response should state whether your proposal is for consideration as a Senior Manager, Co-Manager or both. Please describe how your firm's selection would benefit the State of Rhode Island. In particular, please describe your firm's:
  - a. public finance department (if applicable), its position and level of importance in the firm;
  - b. municipal sales and distribution capabilities, including the number of offices and registered representatives nationally, in New England, and in Rhode Island;
  - c. volume of tax-exempt bonds handled on a daily basis and their average inventory and the volume of Rhode Island general obligation bonds handled on a daily basis; and
  - d. Sales performance on Rhode Island bond issues for the past three years.

Discuss your firm's commitment to public finance. Have there been any changes in the firm's municipal finance department staffing or staffing policy in the past two years. If so, please discuss how these changes may affect coverage of the State. Include the number of staff members assigned to investment banking, underwriting, sales and trading during this period.

2. Provide brief resumes of the individuals in your firm who would be assigned to provide relevant services to the State of Rhode Island. Please be specific for the following duties (if applicable), providing telephone (office and cellular) and fax numbers as well as the mailing and email address for each individual:
  - a. primary contact/day-to-day responsibilities
  - b. financial analysis
  - c. derivative structuring and pricing
  - e. marketing and sales
  - f. pricing; and
  - g. other relevant responsibilities.
3. Discuss your firm's capital structure including its total capital, equity capital, and uncommitted excess net capital as of the close of your firm's most recent quarter. Discuss the extent of your firm's involvement in the subprime mortgage market. Does this involvement pose any capital, credit or other risk to the firm in general or to your fixed income group in particular? Summarize the write downs your firm has taken over the last twelve (12) months. Has your firm experienced any ownership or organizational changes over the last 2 years? Discuss any changes which could have either a positive or negative impact on the overall coverage of the State.
4. Comment on the appropriate use of a separate retail order period preceding the institutional pricing of a State of Rhode Island issue (if any), its optimal length, the rules which should govern such a period, and the extent to which particular market conditions or other factors related to any specific issuance would change your recommendations. Describe the methodology your firm employs or would recommend to generate going-away retail orders for Rhode Island investors in connection with the negotiated sale of State of Rhode Island tax-exempt bonds or certificates.

5. Summarize your firm's experience as the book-running Senior Manager of negotiated general obligation and state level annual appropriation backed bond issues from January 1, 2006 to the present. Include the number and dollar volume of issues for which you acted as the book-running senior manager. List in tabular form the twenty (20) largest issues for which you acted as the book-running Senior Manager, noting the issuer, the pricing date, the size of issue, level of orders submitted and the amount of bonds allotted to your firm in each transaction.
6. Summarize your firm's experience as a Co-Manager or selling group member of negotiated tax-exempt general obligation and special revenue bond issues from January 1, 2004 to date. List in tabular form the twenty (20) largest issues for which you acted as a Co-Manager. For each such issue list your firm's role, the issuer, the size of the issue, the related pricing date, the orders placed by your firm, the amount of bonds allotted to your firm, and the amount of bonds allotted to your firm that were not represented by going-away orders.
7. Describe your firm's marketing and pricing strategy for placing general obligation bonds or certificates of participation. Explain your firm's approach to the different types of investors who buy tax-exempt and taxable securities, and the efforts you would undertake to obtain credit approval of certain investors. Why are your pricing capabilities superior to those of other firms?
8. Describe four (4) transactions for which your firm served as Senior Manager since January 1, 2006, demonstrating the technical and other capabilities of your firm and how they benefitted the issuers. Focus your response on issues that were encountered and the solutions that your firm recommended and implemented. For each transaction listed provide the issuer name, issuer contact (including email address and telephone number), issue date, and amount involved..
9. Identify two firms (other than your own) that you would recommend the State include as Senior Managers in its negotiated group. Discuss how and why their inclusion would benefit the State.

#### **Fees (Question 10)**

10. Propose the fees to be charged by your firm for a \$50 million issue of State Certificates of Participation and a \$50 million State General Obligation Bond Issue, including:
  - Management Fee(s)
  - Initial Takedown (by maturity)
  - Other Fees (excluding Underwriter's Counsel)

For purposes of your proposed fees please assume that each series has a 20-year maturity and is structured to achieve level debt service. Describe the categories of expenses, if any, for which your firm would expect to be reimbursed by the State, both as initial costs of issuance and on an ongoing basis, including any amounts payable to third parties.

#### **State of Rhode Island Public Finance Inquiries (questions 11-19)**

11. The State is considering the issuance of taxable debt to reimburse the State for revenue reductions due to the application of State Historic Tax Credits. Please discuss the taxable market and the type of structure you would recommend that the State of Rhode Island consider, the method by which it could be implemented, and a strategy for doing so.
12. Comment on current market conditions and recommend appropriate financing strategies to the State. How will the recent credit and liquidity issues affect the State and its borrowings?

Include any strategies you would suggest in the improvement of the State's debt profile and the marketing and distribution of the State's bonds. Recommend whether the State of Rhode Island should consider changes to the typical structure or terms of its bond issues, the use of other financial products, and other such considerations.

13. Discuss the concept of public-private partnerships and their applicability to the State, if any. Include a discussion of potential opportunities, risks, recommended methodology of analysis, and your firm's experience in this area.
14. Provide a summary of your firm's affirmative action and equal employment policies. If your firm is a minority business enterprise, women's business enterprise, or has significant ownership or presence in Rhode Island, please provide relevant supportive details.
15. Provide details of any criminal investigation or pertinent litigation pending against your firm or members of your municipal bond or public finance departments.
16. Discuss any factors not mentioned above which you believe should be considered in connection with the consideration of your firm.
17. Within the past three years, has your firm and/or any of its current principals or any of the public finance professionals assigned to the Rhode Island engagement been the subject of an investigation by SEC, FINRA, Rhode Island Department of Business Regulation or any other governmental or securities industry-based regulatory agencies?
18. Within the past three years, has your firm or any of your partners or owners filed for protection under federal or state bankruptcy laws?
19. Within the past three years, has your firm and/or any of its principals been involved in any litigation, arbitration, disciplinary or other official actions arising from the firm's underwriting, management or handling of municipal securities? Please confirm that if your firm is selected, you will comply with the provisions of Rhode Island General Laws Section 17-27-1 et. seq., "Reporting of Political Contributions by State Vendors".

#### **IV. STATEMENT EVALUATION**

N.B. Firms interested in being included only as a Co-Manager need only respond to Questions 1-6 and 14-19:

Evaluation of submitted Statements of Qualifications will be based on the following criteria:

1. Capability to provide required services on a timely basis;
2. Structuring proposals to produce the lowest overall cost and to minimize any risks to the State;
3. Proposed Fees;
4. Commitment to public finance;
5. Experience and background of the firm and personnel named in the Statement; and,
6. References.

The State reserves the right to:

1. request an interview with, and to require additional information from, any firm prior to its selection;
2. consider information about any firm from other sources in addition to the information submitted by the firm; and,
3. reject any or all proposals without written explanation.

#### **V. REMOVAL OF UNDERWRITERS**

Any underwriter may be removed from the State's qualified pool for reasons which include, but are not limited to, the following:

1. unacceptable performance in selling the State's obligations as determined by the General Treasurer's Office;
2. failure to maintain federal, state and FINRA registrations, licenses, or memberships necessary for offering and selling securities in the State;
3. being the subject of disciplinary action by the SEC, FINRA, or the State Department of Business Regulation;
4. voluntary or involuntary filing under federal or state bankruptcy laws; and
5. change in personnel assigned to the account or change in the firm's ownership or commitment to public finance.